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INFO WHA CENTRAL AMERICAN COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC

UNCLAS MANAGUA 000206

SENSITIVE
SIPDIS
STATE FOR WHA/CEN
USDOC FOR 4332/ITA/MAC/WH/MSIEGELMAN
3134/ITA/USFCS/OIO/WH/MKESHISHIAN/BARTHUR

E.O. 12958: N/A
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SUBJECT: NICARAGUA: GON REPORTS HIGHER IN TOURISM INDUSTRY IN 2009

REF: 09 MANAGUA 753

SUMMARY

¶1. (SBU) The Nicaraguan Tourism Institute (INTUR), an agency of the Government of Nicaragua, reported that the tourism industry grew 8.3 percent in 2009 versus 2008. INTUR stated the reasons for the sector's growth were the removal of visa requirements for Costa Rica and an emphasis on attracting tourists as a region. Some industry experts believe that INTUR's data, however, may not be accurate because they do not distinguish among family visits, business travel, missionary groups, and leisure travel. The tourism industry is optimistic that 2010 will be better than 2009 because the global economy appears to be recovering.

STATISTICS SHOW GROWTH - BUT EXPERTS SKEPTICAL

¶2. (SBU) On February 4, INTUR provided the Embassy its 2009 report on the tourism industry. INTUR reported that tourism grew by 8.3 in 2009 versus 2008. The government counted 929,157 foreign visitors to Nicaragua in 2009 (including family visits, business travel, and leisure). INTUR reported \$301.7 million in revenues for the tourism sector, up from \$246 million in 2008. The report stated the reasons for the sector's growth in 2009 were the removal of visa requirements for Costa Rica and coordinated efforts by Central American countries to attract tourists as a region.

¶3. (SBU) Raul Calvet, president of a tourism services company, noted that INTUR data are poorly prepared and do not distinguish between family visits, business travel, and leisure travel (tourism). He added that INTUR's failure to disaggregate these types of visitors makes it difficult to identify industry trends. For example, experts suggest that business travel declined in 2009; the managers of three major hotels in Managua report that hotel occupancy rates across the city were lower compared to 2008.

TOURISM INDUSTRY: 2009 PROVIDED A RAY OF HOPE

¶4. (SBU) Despite some skepticism concerning INTUR's statistical data, leisure travel appears to have increased. The National Chamber of Tourism (CANATUR) reported that small and medium

businesses involved in the tourism sector saw a 6 percent increase in tourist visits in 2009. The Nicaraguan Association of Small Hotels issued a press release stating that sales for its members improved by 20% during the last three months in 2009 versus the same period in 2008. CANATUR added, however, that overall revenues for these companies are down by over 10 percent when compared to 2008 because many tourists looked for bargains and were not willing to spend as much money as they did in previous years. A majority of leisure travelers are also staying in smaller, inexpensive hotels for vacations of 5-7 days, instead of 10-14 day vacations, to save money.

15. (SBU) Alfredo Gutierrez, former president of the Nicaraguan Association of Tourism Operators (ANTUR) and owner of a small tourism company, said that he and others in the tourism industry have lowered their prices to attract customers, and these adjustments have helped to maintain their businesses. In Granada and San Juan del Sur -- the most popular tourist destinations in Nicaragua -- hotels, bars, and restaurants reported that their sales were better in 2009 versus 2008. The bigger and more expensive hotels and resorts attracted slightly more customers in 2009 compared to 2008. Despite the improvement in the number of tourists who visited Nicaragua in 2009, many tourism-related businesses have had to either reduce their operating expenses or dismiss staff in order to stay afloat.

OPTIMISM FOR 2010

16. (SBU) Industry representatives are optimistic that 2010 will be better than 2009. Hotel owners in Granada and San Juan del Sur reported that occupancy rates in January were higher than the same period in 2009. Entrepreneurs are encouraged that the global economy appears to be recovering, particularly in the United States, as U.S. citizens by far comprise the largest number of tourists who vacation or visit Nicaragua. They also report that the government has developed plans to improve electricity, water supplies, and address the crucial need for better roads. They are concerned, however, about the increase in crime in 2009 and its implications for the industry.

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